

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1706-01  
Bill No.: SB 324  
Subject: Licenses - Motor Vehicle; Motor Vehicles; Revenue Department  
Type: Original  
Date: March 7, 2011

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Bill Summary: This proposal requires that only one license plate be issued for all motor vehicles instead of the current two plates except property carrying commercial motor vehicles.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Highway Fund	\$1,419,665	\$1,702,728	\$1,701,838
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$1,419,665</b>	<b>\$1,702,728</b>	<b>\$1,701,838</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 9 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Local Government</b>	<b>\$66,597</b>	<b>\$79,916</b>	<b>\$79,916</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Corrections - Missouri Vocational Enterprises** and the **Department of Public Safety - Missouri State Highway Patrol** state this proposal will have no fiscal impact on their respective agencies.

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the proposal. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

According to officials from the **Joint Committee on Administrative Rules (JCAR)**, this proposal should not create any additional fiscal impact above current appropriations to JCAR.

Officials from the **Department of Transportation** concur with the response from Department of Revenue.

Officials from the **Department of Revenue - Motor Vehicle Bureau (DOR - MVB)** provided the following assumptions regarding this proposed legislation:

### §301.130

#### License Plate Cost Reduction

##### Stock Plates (Embossed Plates)

- Currently DOR pays \$1.43 per stock license plate (reflected in the calculations for savings as current price) however; Missouri Vocational Enterprises (MVE) advised the Department that as of July 1, 2011 the cost per plate would be \$1.63.

ASSUMPTION (continued)

- Missouri Vocational Enterprises estimates that costs for a single license plate would increase further to \$1.91 upon passage of this legislation.
- DOR orders on average 2,000,000 plates at a cost of \$2,860,000.
- This legislation will result in a reduction of 1,566,945 plates ordered. The cost reduction is as follows:
- |  |                    |
|--|--------------------|
| Now- \$1.43 per plate x 2,000,000 total plates | \$2,860,000        |
| New- \$1.91 per plate x 1,000,000 total plates | <u>\$1,910,000</u> |
| DOR projected total cost reduction             | <b>\$ 950,000</b>  |

Personalized/Specialty Plates (Flat Plates)

- Currently the Department pays \$4.25 per flat plate. Even though the volume of flat plates ordered pursuant to this proposal will decrease by one half, Missouri Vocational Enterprises has indicated that there will be no further increase to the personalized plate cost due to this proposal.
- DOR ordered on an average 100,000 total flat plates.
- Issuing one plate for new personalized/specialty plate registrations would reduce the total amount of flat plates currently ordered. This proposal would reduce that number to 87,177 flat plates ordered annually. The cost reduction is as follows:

Now- \$4.25 per plate x 174,354 total flat plates	\$741,005
New- \$5.31 per plate x 87,177 total flat plates	<u>\$462,910</u>
DOR projected total cost reduction	<b>\$278,095</b>

Tabs

- Currently DOR pays \$.17 per set of tabs. Even though the volume tabs ordered pursuant to this proposal will decrease, Missouri Vocational Enterprises has indicated that there will be no further increase to the tab cost due to this proposal.
- DOR orders an average 3,182,222 sets of tabs (6,364,444 individual tabs).

ASSUMPTION (continued)

- This legislation will result in a reduction of 3,182,222 tabs ordered annually. The cost reduction is as follows:

Now- \$.17 per set x 3,182,222 sets of tabs	\$540,978
New- \$.085 per tab x 3,182,222 total tabs	<u>\$270,489</u>
DOR projected total cost reduction	<b>\$270,489</b>

DOR currently has an inventory of plates and tabs for the years 2011, 2012, and 2013 in stock at license offices across the state and in storage. DOR will destroy approximately \$1,115,775 in inventory costs.

**§301.130.3**

Administrative Impact - Motor Vehicle Bureau

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours of overtime at a cost of \$805 in FY12.
- The DOR web site will need to be updated to include information regarding the issuance of one plate, as well as the second plate option for commercial motor vehicles. This will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$218 in FY12.

**Oversight** assumes DOR is provided with core funding to handle a certain amount of activity each year. **Oversight** assumes DOR could absorb the personal service costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Pursuant to the way this process was conducted previously it is assumed DOR will order the second plate at the time of application if requested by the customer.

- There are currently 213,108 registered commercial motor vehicles in excess of 12,000 lbs.
- It is assumed that 10%, or 21,311, of these registrants will want the second plate.

ASSUMPTION (continued)

The DOR response to a proposal similar to or identical to this one in a previous session indicated that the cost to the Department for the second plate was \$1.43, however, Missouri Vocational Enterprises (MVE) advised the Department that as of July 1, 2011 the cost per plate would be \$1.63, therefore with an overall cost to Highway Fund of \$28,947 in FY12, \$35,605 in FY13, and \$36,495 in FY14.

Information Technology - OA-ITSD (DOR)

System Modifications:

- The monthly renewal print program will need to be revised to inform applicants that only one plate and one tab is required and to surrender the extra plate at the time of renewal.
- The Title and Registration Internet Processing System (TRIPS) and the inventory system would need minor data changes to include this proposal.
- OA-ITSD would need to update TRIPS to allow for the issuance of a second plate to commercial motor vehicles in excess of 12,000 lbs as well as charge the \$15 for that second plate.
- General Registration System (GRS) and renewal changes.
- Testing.

The IT portion of the fiscal impact is estimated with a level of effort valued at \$12,720 calculated at using one 1 FTE for 480 hours.

**Oversight** assumes OA-ITSA (DOR) is provided with core funding to handle a certain amount of activity each year. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Revenue Impact

Beginning August 28, 2011 this proposal requires DOR to issue one license plate and tab when an individual registers a motor vehicle, except for property-carrying commercial motor vehicles. By allowing property carrying commercial motor vehicles the ability to obtain two license plates instead of one and by charging \$15 for that plate there will be an increase in revenue to the Highway Fund.

ASSUMPTION (continued)

- There are currently 213,108 registered commercial motor vehicle is excess of 12,000 lbs.
- It is assumed that 10%, or 21,311, of these registrants will want the second plate issued in FY 12 resulting in an increase in revenue of \$266,388 in FY 12 (10 months), \$319,665 in FY 13, and \$319,665 in FY 14 that is constitutionally distributed as follows:

	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>
75% Highway Fund	\$199,791	\$239,749	\$239,749
15% Cities	\$ 39,958	\$ 47,949	\$ 47,949
10% Counties	\$ 26,639	\$ 31,967	\$ 31,967
<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014

**HIGHWAY FUND**

<u>Savings</u> - Department of Revenue - Reduction in plate and tab costs	\$1,248,821	\$1,498,584	\$1,498,584
<u>Income</u> - Increase in Fee Income	\$199,791	\$239,749	\$239,749
<u>Cost</u> - Department of Revenue - Plate cost	<u>(\$28,947)</u>	<u>(\$35,605)</u>	<u>(\$36,495)</u>

**ESTIMATED NET EFFECT ON  
HIGHWAY FUND**

**\$1,419,665**      **\$1,702,728**      **\$1,701,838**

<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
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**LOCAL POLITICAL SUBDIVISIONS**

<u>Income</u> - Cities - Increase in fees	\$39,958	\$47,949	\$47,949
<u>Income</u> - Counties - Increase in fees	<u>\$26,639</u>	<u>\$31,967</u>	<u>\$31,967</u>

**ESTIMATED NET EFFECT ON  
LOCAL POLITICAL SUBDIVISIONS**

**\$66,597**      **\$79,916**      **\$79,916**

### FISCAL IMPACT - Small Business

Small Businesses with property-carrying vehicles would incur a cost if they elect to get the second license plate for their vehicles.

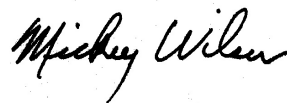
### FISCAL DESCRIPTION

Under this proposed legislation, the state will only issue one license plate beginning August 28, 2011, to motorists unless the registered owner is eligible to receive a second plate (property-carrying commercial motor vehicle applicants can request 2 plates) Currently, property-carrying commercial motor vehicles are only issued one license plate. This proposal allows the owners of these vehicles to request and be issued two plates. The Director of the Department of Revenue may assess and collect an additional fee for the second plate

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

### SOURCES OF INFORMATION

Department of Revenue  
Department of Corrections  
Missouri Vocational Enterprises  
Department of Transportation  
Department of Public Safety  
Missouri State Highway Patrol  
Office of Secretary of State  
Administrative Rules Division  
Joint Committee on Administrative Rules



Mickey Wilson, CPA  
Director



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